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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 003898

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SUBJECT: PAN-GREEN JUST SHORT OF A MAJORITY IN LY ELECTION

Classified By: AIT Director Douglas Paal, Reason 1.4 (B/D)

1. (C) Summary: With the battle for control of Taiwan's Legislative Yuan (LY) entering its final days, neither the Pan-Green nor Pan-Blue camp is likely to win an outright majority (113 or more out of 225 seats) on December 11. Although the race in several key districts is still too close to call, AIT's best estimate is that the Pan-Green will take 110 LY seats, up 10 from their 2001 performance, versus 103 for the Pan-Blue, down 12, with the remaining 12 seats going to independents. The final numbers could vary plus 4 or minus 3 for either camp, the key variable being the effectiveness of efforts to allocate votes (pei-piao), which in the past the Pan-Green has been able to execute more effectively than the Pan-Blue. End Summary.

Our Estimates vs. The Polls

2. (C) The Pan-Green has been running a well-orchestrated campaign and, despite overly aggressive nominations in the northern districts, is likely to gain 10 seats over its 2001 performance for a total of 110. Based on how the individual contests throughout the island are likely to play out, the Democratic Progressive Party (DPP) could make the biggest gains and increase its number of directly elected legislators from 69 to 75, while the Taiwan Solidarity Union (TSU) could go up from 8 to 10. If, as most analysts expect, the DPP draws 38-40 percent of the popular vote and the TSU 8-9 percent, then the DPP will secure 20-22 proportional seats and the TSU 3-5. Adding the proportional vote seats to the district seats, the DPP could take a total of 96 seats and the TSU 14. Factoring in a plus 4, minus 3 variation to account for the unpredictability of the highly contested races, makes for a total range of 107 to 114 seats. An outright Pan-Green LY majority is therefore possible, but unlikely as all of the highly contested races would have to break in the Pan-Green's favor. (Septel will provide a region-by-region wrap-up.)

3. (C) The Pan-Blue, in comparison, has been generally conservative in its nominations, but nevertheless is likely to lose 12 seats for a total of 103. Plagued with a plethora of "maverick" Pan-Blue candidates running as independents, weakening grass-roots organizations, and continuing internecine fighting between Kuomintang (KMT) and People First Party (PFP) candidates over vote allocation, the Pan-Blue has been running an ineffective campaign. Although the KMT could actually win 55 seats, an improvement of 2 over 2001, the heaviest losses are likely to come from the PFP, which AIT estimates could grab only 24 directly elected seats, a drop of 11. If, as most analysts expect, the KMT draws 30-32 percent of the popular vote and the PFP 13-15 percent, then the KMT will secure 16-18 proportional seats and the PFP 6-8. Adding the proportional vote seats, the KMT could have an overall total of 72 seats and the PFP 31. Factoring in a plus 4, minus 3 possible variation, the total range of Pan-Blue seats is 100 to 107, suggesting that the Pan-Blue is all but assured of losing its majority.

4. (C) This estimate falls within the range of commercial polls and various party projections. The 110 number for the Pan-Green is within the upper range (99-113) of most commercial polls and the lower range (110-116) of DPP internal projections. In comparison, the Pan-Blue estimate of 103 falls within the middle range (97-107) of commercial polls, slightly above the DPP's range (95-101), and in the lower range (102-109) of KMT internal projections. Commercial polling on Taiwan, unlike AIT's estimate, makes strait projections based on survey responses and does not factor the effect of vote allocation, which all political observers agree favors the Pan-Green and will be the key determinant of the final outcome. The DPP Survey Center, which does include vote allocation in its projections, estimates 113 for the Pan-Green (DPP 97, TSU 16) and 99 for the Pan-Blue (KMT 68, PFP 31). After speaking with DPP Survey Center Director Pan I-hsuan on December 2, it appears to AIT that, as in the 2004 presidential race, the DPP's internal figures are overestimating the Pan-Green advantage by 1 to 2 percent.

Comment: Where will the Independents Go?

15. (C) Taiwan's multi-member district system makes elections notoriously hard to predict, and every election has been marked by surprises as voters and parties make last minute adjustments in an attempt to out-guess the odds. One key variable will be the performance of independent candidates. While polls are trending away in the final days of the campaign away from independents and towards both partisan camps, in many districts independents will still play a spoiler role for the major candidates. They could also form an important voting bloc after the election, if neither side secures a majority. Of the 12 independents most likely to win, seven lean Blue while five lean Green. The DPP, with its access to central government resources, has the better chance of swaying both types, but whether it will be able to secure a stable majority may not be clear until well after December 11.

PAAL